

## **Part II of the Preliminary Justification**

### **Highmark BCBSD, Inc. – Individual Market**

#### **Scope and Range:**

Highmark BCBSD, Inc. (Highmark DE) is requesting an average rate increase of 10.1% for the 2019 ACA-qualifying individual products with effective dates from January 1, 2019 to December 31, 2019.

The rate increase is mostly due to anticipated increases in utilization of care and provider contracting relative to 2018. In addition, the loss of the Cost Share Reduction reimbursement contributes to the increase. The change reflects the claim experience from the ACA enrolled population as well as the expected enrollment of consumers who were previously uninsured or covered under employer group health plans.

#### **Historical Financial Experience:**

Highmark DE experienced an unanticipated financial gain in its Individual ACA programs in 2017 following several years of significant losses.

#### **Change in Medical Service Costs:**

The projected average cost of medical care for the projected population is expected to increase. The increase will emerge in utilization and average cost per service, and is spread across all types of services.

#### **Change in Benefits:**

Some cost sharing parameters were changed in order to maintain compliance with Federal AV requirements. Additionally, some out of pocket maximum parameters were changed to keep up with the rising cost of health care. These out of pocket maximum changes also aided in mitigating the rate increase.

#### **Administrative Costs and Anticipated Operating Results:**

The anticipated administrative costs and operating results are not excessive or unreasonable. In accordance with regulations, the projected medical loss ratio is over 80%.